

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Michael Kubayanda, Chairman;
Ashley E. Poling, Vice Chairwoman;
Mark Acton;
Ann C. Fisher; and
Robert G. Taub

Competitive Product Prices
Priority Mail Contract 713 (MC2021-114)
Negotiated Service Agreement

Docket No. CP2021-116

ORDER APPROVING AMENDMENT ONE TO
PRIORITY MAIL NEGOTIATED SERVICE AGREEMENT

(Issued September 24, 2021)

I. INTRODUCTION

The Postal Service seeks to amend a Priority Mail negotiated service agreement.¹ For the reasons discussed below, the Commission approves the Amendment.

¹ USPS Notice of Amendment to Priority Mail Contract 713, Filed Under Seal, September 22, 2021 (Notice). The amendment is an attachment to the Notice (Amendment).

II. BACKGROUND

In Order No. 5947, the Commission approved the Priority Mail Contract 713 negotiated service agreement (Existing Agreement).² On September 22, 2021, the Postal Service filed notice that it has agreed to the Amendment to the Existing Agreement.

The Postal Service intends for the Amendment to become effective three business days after the date that the Commission completes its review of the Notice. Notice at 1.

III. COMMISSION ANALYSIS

The Commission has reviewed the Notice and the accompanying materials filed under seal.

Cost considerations. The Commission reviews competitive product prices to ensure that each product covers its attributable costs, does not cause market dominant products to subsidize competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3035.105 and 3035.107. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of competitive products as a whole or to adversely affect the ability of competitive products as a whole to contribute an appropriate share of institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

The Amendment modifies the payment process, specifies that the Postal Service will provide the contract partner with standard packaging only for Priority Mail Flat Rate Envelopes and Boxes, and stipulates that the contract partner will receive Tier 1 discounts from the end of the Effective Date of the Contract until the end of the first full Contract Quarter. Notice, Attachment A at 1-2.

² See Docket Nos. MC2021-114 and CP2021-116, Order Adding Priority Mail Contract 713 to the Competitive Product List, July 28, 2021 (Order No. 5947).

The Amendment does not materially affect the underlying financial analysis of the Existing Agreement. Thus, the Commission finds that the Existing Agreement, as amended, comports with the provisions applicable to rates for competitive products in 39 U.S.C. § 3633(a) and 39 C.F.R. § 3035.107.

Other considerations. The Postal Service states that the Amendment shall become effective three business days after the date that the Commission completes its review. Notice at 1.

If the Existing Agreement, as amended, is terminated prior to the scheduled expiration date, the Postal Service shall promptly notify the Commission.

In conclusion, the Commission approves the Existing Agreement, as amended.

IV. ORDERING PARAGRAPHS

It is ordered:

1. The Commission approves the Priority Mail Contract 713 negotiated service agreement, as amended.
2. The Postal Service shall notify the Commission if the Existing Agreement, as amended, terminates prior to the scheduled expiration date.

By the Commission.

Mallory Smith
Federal Register Liaison